



Agenda Date: 9/10/03
Agenda Item: 4A

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

TELECOMMUNICATIONS

PETITION OF WARWICK VALLEY)	
TELEPHONE COMPANY d/b/a WVT)	ORDER OF APPROVAL
COMMUNICATIONS FOR APPROVAL)	
OF A COMMON STOCK SPLIT)	DOCKET NO. TF03050398
PURSUANT TO N.J.S.A 48:3-9)	

(See Attached Service List)

BY THE BOARD:

On May 14, 2003, Warwick Valley Telephone Company d/b/a WVT Communications ("WVT") filed a Petition with the Board requesting approval pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9 to authorize the issuance of 3,988,846 shares of common stock to accomplish a 3:1 stock split. WVT is a New York corporation with principal offices located at 47 Main Street, Warwick, New York. WVT maintains a business office in New Jersey located at 529 Route 515, Vernon, New Jersey. WVT provides incumbent local exchange carrier services in portions of the Township of Vernon, Sussex County, and the Township of West Milford, Passaic County. WVT is also authorized by the Board to provide competitive local exchange carrier and inter-exchange carrier services in New Jersey pursuant to the Board's Order issued in Docket No. TE98090985 dated March 3, 1999.¹

WVT's Common Stock is publicly traded on the Nasdaq, under the symbol "WVY." WVT's currently authorized shares of Common Stock number 2,160,000, of which 1,994,423 are issued and outstanding as of April 25, 2003. The Board has previously approved WVT's issuance of Common Stock in Docket Nos. TF97050366, Order of Approval dated July 30, 1997 (also a 3:1 Common Stock split) and TF89100860J, Order of Approval dated May 8, 1990.

By resolutions made on February 19, 2003, WVT's Board of Directors resolved to increase the total number of shares of its Common Stock issued and outstanding to 5,983,269, in order to issue to each shareholder of record three (3) shares of Common Stock in return for each share of Common Stock held, and to change the par value from no par value to \$0.01 per share. WVT filed a Proxy Statement for this transaction with the United States Securities and Exchange Commission on March 25, 2003. WVT's shareholders approved the stock split transaction at the Annual Meeting of WVT's shareholders held on April 25, 2003.

¹ Hometown Online, Inc., a wholly-owned subsidiary of WVT, provides cable television services in the Township of Vernon and in the Township of West Milford pursuant to Certificates of Approval issued by the Board in Docket Nos. CE01110787 and CE02030211, respectively.

The stock split transaction described above is subject to prior approval by the New York Public Service Commission (the "Commission"). That Commission's approval of a change to WVT's New York Certificate of Incorporation increasing the number of authorized shares of the Common Stock is also required in order for WVT to consummate the stock split transaction. The Commission's approvals are pending pursuant to a petition filed by WVT with the Commission on May 19, 2003 in Commission Case 03-C-0762 to amend and restate WVT's Certificate of Incorporation. WVT has furnished copy of that petition to Board Staff.²

WVT states that the purpose of its proposed stock split is to improve the marketability of WVT's Common Stock through broadening of WVT's potential base of investors. WVT's Board of Directors anticipates that the increase in the number of issued and outstanding shares of the Common Stock would place its market price in a range more attractive to investors, particularly individuals, and may result in a broader market for shares. WVT anticipates that the increased attractiveness of WVT to investors will serve to enhance sources of capital for WVT for investment in plant and equipment in order to continue to provide safe, adequate and reliable service.

WVT states that the change in par value from no par value to \$0.01 per share will have the effect of changing WVT's capital account balance to be \$59,832.69 after consummation of the 3:1 Common Stock split. WVT expects that the transaction costs to complete the stock split will not exceed \$10,000. The company will record these transactions in accordance with the Uniform System of Accounts.

The Division of the Ratepayer Advocate recommends that the Board approve WVT's petition for a 3:1 stock split subject to verification of approval by the New York Public Service Commission.

Based upon the Petition and supplemental information furnished by WVT in this matter, and upon review of the record herein, the Board FINDS that WVT's proposed 3:1 split of its issued and outstanding shares of its Common Stock is in the public interest, and will enhance WVT's ability to continue to provide safe, adequate and reliable service, and is in accordance with law. The Board therefore APPROVES, pursuant to N.J.S.A. 48:3-9, the increase in WVT's issued and outstanding shares of Common Stock, to 5,983,269, and the change in par value of such shares from no par to \$0.01 per share.

The Board's approvals granted herein are subject to the following conditions:

1. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of tangible or intangible assets now owned or hereafter to be owned by the WVT or any subsidiaries thereof.
2. This Order shall not affect, or in any way limit the exercise of the authority of this Board, or the State, in any future petitions or proceeding with respect to rates, franchises, services, financing, accounting, capitalization,

² WVT is also requesting the Commission's approval to increase the total number of authorized shares of WVT's Preferred Stock. WVT states that it will petition the Board pursuant to N.J.S.A. 48:3-9 for approval of any future issuance of then authorized but unissued shares of the Preferred Stock.

depreciation, or any other matters affecting WVT or any subsidiaries thereof.

3. WVT shall provide the Board with a copy of the written order of the New York Public Service Commission authorizing WVT to amend and restate its Certificate of Incorporation, within five (5) business days of WVT's receipt of said order.
4. The authority granted in this Order shall become null and void and of no effect with respect to any portion thereof which is not exercised by December 31, 2003.

DATED: September 11, 2003

BOARD OF PUBLIC UTILITIES
BY:

[SIGNED]

JEANNE M. FOX
PRESIDENT

[SIGNED]

FREDERICK F. BUTLER
COMMISSIONER

[SIGNED]

CAROL J. MURPHY
COMMISSIONER

[SIGNED]

CONNIE O. HUGHES
COMMISSIONER

[SIGNED]

JACK ALTER
COMMISSIONER

ATTEST:

[SIGNED]
KRISTI IZZO
SECRETARY

**Petition of Warwick Valley Telephone Company
For Authority to effect a 3 for 1 Stock Split and change of
Par Value of Common Stock to \$.01 per share**

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